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The State of Michigan is required under the Consolidated Omnibus Budget Reconciliation Act (COBRA) to provide this notice to all retirees, spouses, and dependent children regarding each dependent's rights to continue state-sponsored group insurances when coverage would otherwise end.

**Retain for Future Reference**

This notice informs you of the qualifying events and notification requirements for continuation of benefits available to spouses and dependent children under COBRA federal law. The qualifying events are as follows:

The **spouse** of a Defined Benefit or Defined Contribution retiree will lose coverage under the state-sponsored group insurances due to a divorce or a legal separation. A **dependent child** will lose state-sponsored group insurance coverage when the child becomes married or is no longer eligible as a dependent based on the eligibility requirements below.\*

<b>Dependent Coverage</b>	<b>Employees Retired Prior to 8/1/12</b>	<b>Employees Retired On or After 8/1/12</b>
<b>Birth/Legal Adoption</b>	To age 19	To age 19 and must reside with retiree <u>or</u> be legally responsible for health care.
<b>Guardianship</b>	Full only to age 18. No student extension.	Full only to age 18. No student extension.
<b>Step Children</b>	To age 19 if covered as active employee.	To age 19 if covered as active employee. 50% residency, 50% support. Stepchild of retiree (not spouse). Cannot be eligible under any other health care plan.
<b>Foster Children</b>	Under 18 if covered as active employee.	Not eligible for coverage.
<b>Students Age 19 - 26</b>	Must be enrolled 1/2 time. 50% residency and 50% support.	Must be enrolled 1/2 time. 50% residency and 50% support.

\*This does not apply to retirees of the State Police Retirement Act.

The retiree or affected family member must inform the State of Michigan, Office of Retirement Services (ORS), within 30 days of a qualifying event. If an event occurs, call (800) 381-5111 or (517) 322-5103. ORS staff will send the affected individual an application to continue group insurance coverages (Form CS-1820).

**Under the law, if the retiree or affected family member does not notify ORS within 60 days of the date of one of the above-mentioned events, any rights to continuation of insurances will be forfeited. Further, if ORS is not notified within 60 days of an event, and if any claims incurred after the date of the divorce or child losing dependent status are paid erroneously, they will be required to reimburse the state for any such paid claims, plus premiums paid by the state for the ineligible individual.**

Individuals entitled to COBRA continuation coverage will be eligible to continue only the State-sponsored insurances under which they were covered the day before eligibility ended. These coverages may continue for 36 months under the provisions of the Federal COBRA law if the affected individual pays the full premium plus a 2% administrative fee directly to the state.

Additional information required to be provided as part of this notice under Federal COBRA law:

### **Type of Coverage; Premium Payments**

A spouse or dependent child who is not covered under state-sponsored insurances on the day before the qualifying event is generally not entitled to COBRA coverage except where there is no coverage because it was eliminated in anticipation of a qualifying event like divorce. If the ex-spouse notifies the Office of Retirement Services within 60 days of the divorce and can establish that the coverage was dropped earlier in anticipation of divorce, then COBRA coverage may be available for the period after the divorce.

If you are covered by Health, Dental, and Vision insurance, you may elect COBRA coverage under one, two, or all three Plans. If the coverage for similarly situated employees or their family members is modified, COBRA coverage will be modified the same way.

The premium payments for the “initial premium months” must be paid for any qualifying family member by the 45<sup>th</sup> day after electing continuation of coverage. The initial premium months are the months that end on or before the 45<sup>th</sup> day after the date of the COBRA election. All other premiums are due on the first of the month for which the premium is paid, subject to a 30-day grace period.

### **Open Enrollment Rights and HIPAA Special Enrollment Rights**

Qualified beneficiaries who have elected COBRA will be given the same opportunity to change their coverage option or add or drop dependents as similarly situated retirees. In addition, HIPAA’s special enrollment rights will apply to those who have elected COBRA. HIPAA, a federal law, gives a person already on COBRA certain rights to add dependents if such person acquires a new dependent or if an eligible dependent declines coverage because of alternative coverage and later loses such coverage due to certain qualifying reasons. Spouses or dependents who are added under this paragraph do not become qualified beneficiaries – their coverage will end at the same time coverage ends for the person who elected COBRA and later added them.

### **Termination of COBRA before the End of Maximum Coverage Period**

Continuation coverage of the spouse and/or dependent child will automatically terminate before the end of the maximum coverage period when any one of the following events occurs:

1. The premium for the qualified beneficiary’s COBRA coverage is not timely paid.
2. After electing COBRA, you become covered under another group health plan that has no exclusion or limitation with respect to any pre-existing condition you might have.
3. After electing COBRA, you become entitled to Medicare benefits.
4. Occurrence of any event (e.g. submission of fraudulent benefit claims) that permits termination of coverage for cause with respect to covered retirees or their spouses or dependent children who have coverage under the Plan for a reason other than the COBRA coverage requirements of federal law.

### **Other Information**

If your marital status changes or a dependent ceases to be a dependent eligible for coverage under the terms of the Plan, or your address changes, you must immediately notify the Office of Retirement Services.